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PRESS RELEASE

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Maryland Woman Pleads Guilty for her Role in Extensive Mortgage Fraud Scheme

Washington, D.C. - Rasheeda M. Canty, a former mortgage broker, pled guilty today to engaging in an extensive mortgage fraud scheme involving properties in the District of Columbia and Maryland, announced Acting U.S. Attorney Channing D. Phillips, Joseph Persichini, Jr., Assistant Director in Charge of the FBI's Washington Field Office, and Daniel S. Cortez, Inspector in Charge, U.S. Postal Inspection Service, Washington Division. The FBI and Postal Inspection Service are the lead agencies in this matter, but they have been well assisted by numerous other federal and local agencies, including the Internal Revenue Service (IRS), Metropolitan Police Department (MPD), and the D.C. Department of Insurance, Securities and Banking.

Canty, 35, of Upper Marlboro, Maryland, entered her plea at a hearing today in the U.S. District Court for the District of Columbia before the Honorable Judge Richard J. Leon. During the plea hearing, Canty admitted that the intended loss to victims of the scheme was over \$1,000,000. Canty agreed to a forfeiture Order requiring her to pay the government \$342,572, which represents the amount of commissions she received from lenders on the fraudulent transactions. Canty faces up to 30 years in prison under the federal fraud statute when sentenced next year, but likely will face 41-51 months of imprisonment under the Federal Sentencing Guidelines.

According to the Statement of Offense filed by the government, to which Canty agreed, at all relevant times Canty was a mortgage broker with an office in Lanham, Maryland. As part of her job duties, Canty completed and filed, often by mail or interstate wire transactions, loan applications to financial institutions on behalf of individuals involved in real estate transactions.

Starting in approximately June of 2005, Canty and others conspired to defraud financial institutions whose deposits were insured by the FDIC for the purpose of influencing the financial institutions to approve mortgage loans. Canty and other conspirators perpetrated this scheme by identifying distressed homeowners whose properties in Washington, D.C. and Maryland were

facing imminent foreclosure and offering to purchase their properties. The conspirators told some of the homeowners that they could repurchase their properties within one year. Canty prepared fraudulent letters to have derogatory information deleted from the sellers' credit reports so that their credit scores would be increased, thus allowing the sellers to qualify for the repurchase of their properties. The conspirators would then seek out unsophisticated individuals, with good credit scores or credit scores that could be fraudulently raised, to act as "straw purchasers," also known as "credit partners," for these transactions, often in exchange for a \$5,000 to \$10,000 fee to the straw purchaser for the use of his or her personal information to purchase the respective property. The straw purchasers understood that one of the conspirators would make the monthly mortgage payments, and the straw purchaser would not be otherwise financially responsible for the property or required to live there. On some occasions, the conspirators would use the identification of innocent, unknowing victims to make these purchases.

In furtherance of the conspiracy, Canty obtained financial information from the straw purchasers which she then falsified in order to qualify the applicants for their mortgage loans. Primarily, Canty inflated the straw purchaser's income, so it would decrease the debt-to-income ratio for a more favorable rate and loan approval. Based upon her experience, Canty knew the significance of debt to income ratio on a borrower's ability to obtain high mortgage loans. Canty knowingly falsified the loan applications in a number of ways, including, among others:

- (a) inflating the gross income of the applicant;
- (b) falsifying, often with fraudulent documents obtained from other conspirator, the job position of the applicant;
- (c) failing to report the applicant's financial obligations, such as child support;
- (d) falsifying rental verification documents;
- (e) failing to report personal bankruptcies filed; and
- (f) falsely reporting that the straw purchasers intended to occupy the properties as their primary residences.

In the course of this scheme, Canty obtained loans from at least eleven lenders to which she had knowingly submitted fraudulent information.

Canty benefitted from these transactions by charging a large fee, usually five percentage points of the purchase price, on these transactions. Her commissions from lenders to which she had submitted fraudulent information were approximately \$342,572.00. The conspirators benefitted from this scheme, in among other ways, by skimming equity from the properties, often after inflating the appraisals, and charging excessive brokerage fees. As a result of these transactions, several of the properties have gone into foreclosure.

In response to Canty's plea, Joseph Persichini, Jr., Assistant Director in Charge of the FBI's Washington Field Office, stated that:

"The successful conclusion of this important investigation should send a clear message to bad actors in the District's real estate and mortgage business community that law enforcement has united to address the crime problem of mortgage fraud. There is no safe harbor for criminals in this business. Federal agencies have joined with the Metropolitan Police Department to form a regional mortgage fraud task force and step up efforts to eradicate fraud within the region's real estate and mortgage industries. Today's result is emblematic of the impact this collaboration will have in our community."

In announcing today's guilty plea, Acting U.S. Attorney Phillips, Assistant Director in Charge Persichini, Jr. and Inspector in Charge Cortez praised the hard work of the investigative agents involved in this matter, including agents from the Washington Field Office of the FBI, Postal Inspectors Jeremy Wiesel and Charles Wickersham, IRS Special Agent James Graczek, and MPD Detective Vince Tucci. They also acknowledged the efforts of Paralegal Specialist Mary Treanor, as well as Assistant U.S. Attorneys Daniel Butler, who is prosecuting this matter, AUSA Diane Lucas, who assisted in the forfeiture action, and Tejpal Chawla, who assisted in the prosecution.

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